**Processing of Claims for External Ambulatory Insulin Infusion Pumps**

External ambulatory insulin infusion pumps, code E0784 in the Healthcare Common Procedure Coding System (HCPCS), are currently reimbursed under Medicare coverage criteria per section 280.14 of the Medicare National Coverage Determinations Manual. We have been told that most commercial insurers pay for external ambulatory insulin infusion pumps on a purchase basis. Medicare currently pays for external ambulatory insulin infusion pumps on a rental basis only, although the beneficiary does have the option of taking over ownership of the item after 13 monthly rental payments are made. The reason for this is that external ambulatory insulin infusion pumps are currently classified under the Medicare payment category for capped rental durable medical equipment. For this payment category, the statute requires payment on a rental basis for items for at least 13 months before the beneficiary can take ownership.

We have been informed that the majority of commercial payors have established their own coverage criteria that may differ from Medicare. Therefore, situations may arise where the secondary carrier will authorize payment of an external ambulatory insulin infusion pump after Medicare as the primary payer has denied coverage. In such situations, we understand that the provider of insulin pumps must first bill Medicare and obtain a denial for the purchase of the insulin pump. Once the primary insurer (Medicare) has denied the pump, the claim can be submitted to the secondary insurer assuming the secondary insurer's coverage criteria have been met.

Suppliers of external ambulatory insulin infusion pumps receive Contractual Obligation (CO) denials when a claim for the purchase of an insulin pump is submitted to Medicare because the supplier should be aware that Medicare only pays for rental of external ambulatory insulin infusion pumps. However, there are cases where patients are aware that they are not expected to meet the criteria for coverage of the pump (rental or purchase) under Medicare, but still must submit a claim for the pump to Medicare for purposes of obtaining coverage from a secondary payer. In these instances, if a purchase claim is submitted, Medicare will issue a CO denial. If a rental claim is submitted, Medicare will issue a Patient Responsibility (PR) denial after making a determination that the coverage criteria are not met. However, we are told that many commercial carriers will not process the claim because it was submitted to Medicare as a rental and they only pay for purchase of these devices.

On behalf of our Medicare beneficiaries, we urge commercial carriers to process claims for purchase of insulin pumps even though the claim submitted to Medicare is for rental of the pump. The rental claim is required in order to receive a medical necessity denial from Medicare. Again, if suppliers submit a claim for purchase of the E0784 pump, our requirement based on the Medicare statute is that the claim will receive a CO denial. To obtain a medical necessity determination and a PR denial, a rental claim must be submitted.